

National Policy on Biofuels

(MINISTRY OF NEW & RENEWABLE ENERGY)

| Sl. No. | Description | Summary |
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| 1. | Objectives | <ol style="list-style-type: none"> 1. The Policy aims at mainstreaming of biofuels and, therefore, envisions a central role for it in the energy and transportation sectors of the country in coming decades. 2. The Goal of the Policy is to ensure that a minimum level of biofuels become readily available in the market to meet the demand at any given time. |
| 2. | Target | <ol style="list-style-type: none"> 1. An indicative target of 20% blending of biofuels, both for bio-diesel and bio-ethanol, by 2017 is proposed. 2. Blending levels prescribed in regard to bio-diesel are intended to be recommendatory in the near term. The blending level of bio ethanol has already been made mandatory, effective from October, 2008, and will be mandatory upto the target. |
| 3. | Strategy and Approach | <ol style="list-style-type: none"> 1. The focus for development of biofuels in India will be to utilize waste and degraded forest and non-forest lands only for cultivation of shrubs and trees bearing non-edible oil seeds for production of bio-diesel. 2. In India, bio-ethanol is produced mainly from molasses, a by-product of the sugar industry. 3. Cultivation / plantation will be supported through a Minimum Support Price for the non-edible oil seeds used to produce bio-diesel. |
| 4. | Interventions and Enabling Mechanism | <ol style="list-style-type: none"> 1. Contract farming on private wasteland could also be taken up through the Minimum Support Price mechanism proposed in the Policy. Plantations on agricultural lands will be discouraged. 2. Quality seedlings would be raised in the nurseries of certified institutions / organizations identified by the States for distribution to the growers and cultivators. 3. A major instrument of this Policy is that a Minimum Support Price (MSP) for oilseeds should be announced and implemented with a provision for its periodic revision so as to ensure a fair price to the farmers. 4. The Statutory Minimum Price (SMP) mechanism prevalent for sugarcane procurement will also be examined for extending such a mechanism for oilseeds to be utilized for production of bio-diesel by the processing units. 5. Employment provided in plantations of trees and shrub bearing nonedible oilseeds will be made eligible for coverage under the National Rural Employment Guarantee Programme (NREGP). |
| 5. | Distribution & Marketing of Biofuels | <ol style="list-style-type: none"> 1. The responsibility of storage, distribution and marketing of biofuels would rest with OMCs. This shall be carried out through their existing storage and distribution infrastructure and marketing networks, which may be suitably modified or upgraded to meet the requirements for biofuels. 2. The Minimum Purchase Price (MPP) for bio-diesel by the OMCs will be linked to the prevailing retail diesel price. 3. In the event of diesel or petrol price falling below the MPP for bio-diesel and bioethanol, OMCs will be duly compensated by the Government. |

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| 6. | Financing | <ol style="list-style-type: none"> 1. National Bank of Agriculture and Rural Development (NABARD) would provide re-financing towards loans to farmers for plantations. Indian Renewable Energy Development Agency (IREDA), Small Industries Development Bank of India (SIDBI) and other financing agencies as well as commercial banks would be actively involved in providing finance for various activities under the entire biofuel value chain, at different levels. 2. Multi-lateral and bi-lateral funding would be sourced, where possible for biofuel development. 3. Biofuel technologies and projects would be allowed 100% foreign equity through automatic approval route to attract Foreign Direct Investment (FDI), provided biofuel is for domestic use only, and not for export. 4. Plantations would not be open for FDI participation. |
| 7. | Financial and Fiscal Incentives | <ol style="list-style-type: none"> 1. As biofuels are derived from renewable biomass resources they will be eligible for various fiscal incentives and concessions available to the New and Renewable Energy Sector from the Central and State Governments. 2. Bio-ethanol enjoys concessional excise duty of 16% and biodiesel is exempted from excise duty. 3. No other Central taxes and duties are proposed to be levied on bio-diesel and bio-ethanol. 4. Custom and excise duty concessions would be provided on plant and machinery for production of bio-diesel or bio-ethanol, as well as for engines run on biofuels for transport, stationary and other applications, if these are not manufactured indigenously. |
| 8. | Quality Standards | <ol style="list-style-type: none"> 1. The Bureau of Indian Standards (BIS) has already evolved a standard (IS-15607) for Bio-diesel (B 100), which is the Indian adaptation of the American Standard ASTM D-6751 and European Standard EN-14214. 2. BIS has also published IS: 2796: 2008 which covers specification for motor gasoline blended with 5% ethanol and motor gasoline blended with 10% ethanol. 3. Standards would be strictly enforced and proper checks would be carried out by a designated agency on the quality of the biofuel being supplied. |
| 9. | Import and Export of Biofuels | <ol style="list-style-type: none"> 1. Import of biofuels would only be permitted to the extent necessary, and will be decided by the National Biofuel Coordination Committee proposed under this Policy. 2. Duties and taxes would be levied on the imports so as to ensure that indigenously produced biofuels are not costlier than the imported biofuels. 3. Import of Free Fatty Acid (FFA) oils will not be permitted for production of biofuels. 4. Export of biofuels would only be permitted after meeting the domestic requirements and would be decided by the National Biofuel Coordination Committee. |
| 10. | Awareness and Capacity Building | <ol style="list-style-type: none"> 1. Support will be provided for creation of awareness about the role and importance of biofuels in the domestic energy sector, as well as for wide dissemination of information about its potential and opportunities in upgrading the transportation infrastructure and supporting the rural economy. 2. Universities, Polytechnics and Industrial Training Institutes will be encouraged to introduce suitable curricula to cater to the demand for trained manpower at all levels in different segments of the biofuel sector. |

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| 11. | Institutional Mechanism | <ol style="list-style-type: none">1. Under the Allocation of Business Rules, the Ministry of New & Renewable Energy has been given the responsibility of Policy and overall Coordination concerning biofuels.2. Apart from this, the Ministry has also been given the responsibility to undertake R&D on various applications of biofuels.3. For biofuel development, promotion and utilization, it is proposed to set up a National Biofuel Coordination Committee (NBCC) headed by the Prime Minister. |
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